LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7711 | **NOTE PREPARED:** May 2, 2007
BILL NUMBER: HB 1001 | **BILL AMENDED:** Apr 29, 2007

SUBJECT: State Budget.

FIRST AUTHOR: Rep. Crawford | **BILL STATUS:** Enrolled
FIRST SPONSOR: Sen. Meeks

FUNDS AFFECTED: X GENERAL | **IMPACT:** State & Local
X DEDICATED
X FEDERAL

Summary of Legislation: *Biennial Budget:* This bill appropriates money for state agencies and makes other distributions.

K-12 Education: The bill specifies a school funding formula. The bill changes references from vocational education to career and technical education. It also creates a prekindergarten pilot program. It also extends the period in which pension bonds may be repaid.

Higher Education Provisions: This bill provides a review procedure for state university tuition increases. The bill makes changes concerning Double up and Fast Track college credit programs. The bill indicates that money in certain student loan funds remains available for expenditure after the year in which the money is appropriated. The bill also approves bonding for capital projects.

Studies: It requires a study of the efficiency and effectiveness of charter schools, requires a coordination of benefits study, establishes the Sentencing Policy Committee, establishes the School of Public Health, and establishes the Commission on Disproportionality in Youth Services.

State Agency Contracts: The bill requires review of certain private contracts.

Reversal of Payment Delays: The bill repays delayed payments to political subdivisions and universities.

Court Issues: This bill also requires the state to reimburse a county for trial costs related to certain remanded cases. The bill also extends the court fee uses to fund a court computerization program. It also authorizes additional courts and magistrates.

Tax Issues: It increases the distribution of Sales Tax revenue to mass transit purposes. The bill increases the Tobacco Products Tax to provide an additional distribution to the Affordable Housing Trust and Community Development Fund. The bill makes conforming changes to conflicting versions of the bad debt Sales Tax deduction. The bill terminates a property tax investment deduction. The bill also provides a tax exemption for certain activities related to the conduct of a Super Bowl in Indiana. It also updates references to the Internal Revenue Code. The bill also provides for a refund of property taxes paid for a homestead in 2007 and an additional homestead credit in 2008.

State Employee Provisions: The bill makes changes in certain salary matrices.

Riverboats: This bill makes changes in the Orange County riverboat and historic hotel district preservation law. It also provides for the change of a riverboat redevelopment agreement in East Chicago.

Medicaid Notice and Coordination of Benefits Study - The bill requires OMPP to conduct a study of the percentage of Medicaid claims eligible for payment by a third party. It also allows the Office to notify an insurer electronically or by mail.

DNR Property Sales, Leases, and Transfers: The Department of Natural Resources (DNR) may not sell, lease, exchange, or transfer property or an interest in a property to another person for the purpose of allowing the selling of water out of Indiana from Charlestown Water Wells located on park property without the prior approval of River Ridge Development Authority.

Elimination of Funds Transfer into the Rainy Day Fund: The bill eliminates the authority of the State Budget Agency to transfer $100 M from the state General Fund into the Counter-Cyclical Revenue and Economic Stabilization Fund during FY 2007.

Miscellaneous Provisions: This bill provides for the funding of the Department of Insurance from fees. The bill establishes the Spinal Cord and Brain Injury Trust Fund. The bill also permits a convention hotel to be included in an allocation area. It exempts election workers from Social Security withholding. It also extends the Pension Relief Fund. This bill also expands the uses of the Postwar Construction Fund. It designates the use of a recovery from United Airlines. It also makes other changes.

Effective Date: Upon passage; January 1, 2007 (retroactive); July 1, 2007; August 1, 2007; January 1, 2008; January 1, 2009.

Explanation of State Expenditures: *Biennial Budget Appropriations:* This bill establishes the state budget appropriations for FY 2008 and FY 2009. Total General Fund and Property Tax Replacement Fund appropriations are $12,822 M for FY 2008 (a 6.5% increase over FY 2007) and $13,250 M for FY 2009 (a 3.3% increase over FY 2008).

Of this amount, total operating appropriations are $12,548 M for FY 2008 (a 6.2% increase over FY 2007) and $12,974 M for FY 2009 (a 3.4% increase over FY 2008). Appropriations for capital projects represent $550.0 M for the biennium.

Appropriations from the General Fund and the Property Tax Replacement Fund are provided by functional category in the following table.

General Fund and Property Tax Replacement Fund: FY 2008-FY 2009.				
Functional Category *	**FY 2008**	**% Change**	**FY 2009**	**% Change**
General Government	452,353,533	18.4%	460,817,669	1.9%
Corrections	621,661,195	-0.4%	629,775,201	1.3%
Other Public Safety	104,324,489	11.4%	105,653,017	1.3%
Conservation and Environment	92,472,744	8.3%	92,926,477	0.5%
Economic Development	88,814,106	116.9%	109,014,106	22.7%
Transportation **	0		0	
Mental Health	256,042,296	2.2%	257,417,029	0.5%
Public Health	89,143,205	19.4%	97,924,602	9.9%
Medicaid	1,586,648,999	4.0%	1,663,666,499	4.9%
Family and Children	198,132,608	6.5%	195,544,726	-1.3%
Social Services and Veterans	399,789,851	14.5%	406,002,175	1.6%
Higher Education	1,685,521,261	6.1%	1,773,551,998	5.2%
Education Administration	47,564,599	-9.4%	49,064,706	3.2%
Tuition Support - General Fund	2,169,287,741	3.3%	2,246,062,741	3.5%
Tuition Support - PTR Funds	1,719,412,259	4.1%	1,796,187,259	4.5%
Social Security - Teachers	2,403,792		2,403,792	0.0%
Teachers Retirement	621,156,909	6.0%	658,426,324	6.0%
Other Local Schools	259,170,517	39.1%	284,206,594	9.7%
Other Education	11,674,150	-1.6%	11,644,423	-0.3%
PTR and Homestead Credits	2,142,477,622	5.6%	2,133,991,675	-0.4%
Distributions	0		0	
Subtotal - Operating	12,548,051,876	6.2%	12,974,281,013	3.4%
Higher Education Construction	73,238,477		74,838,474	
Other Construction	200,919,833		200,919,821	
Subtotal - Capital Projects	274,158,310	21.8%	275,758,295	
Grand Total	12,822,210,186	6.5%	13,250,039,308	3.3%

Appropriations "for the biennium" are apportioned 50% for each fiscal year.
The appropriations in this table represent only those appropriations provided in HB 1001-2007.
* Functional categories are coded to be consistent with functional categories in HEA 1001-2005.
** All appropriations for this functional category are from dedicated funds.
Note: Appropriations in this table include only those appropriations in the bill with specified dollar amounts.

Appropriations from dedicated and federal funds for the biennium are presented in the following table.

Dedicated and Federal Appropriations: FY 2008 -FY 2009.				
Functional Category	**FY 2008**	**% Change**	**FY 2009**	**% Change**
BIF & Lottery /Gaming Surplus	10,444,746	119.9%	10,444,746	0.0%
Other Dedicated - Operating	1,702,227,632	46.0%	1,430,766,695	(15.9)%
Other Dedicated - Construction	453,956,733	1754.3%	643,956,732	41.9%
Tobacco Settlement	144,133,353	(26.4)%	137,833,648	(4.4)%
Federal Funds	860,822,452	34.6%	897,922,452	4.3%
Total Dedicated	3,171,584,916	56.2%	3,120,924,273	(1.6)%

The above appropriations for BIF include $10 M to the Indiana Finance Authority to provide funding for the construction or financing of public water supply systems serving Ripley, Decatur, and Jennings Counties

The bill also includes $56.1 M in retroactive appropriations for FY 2007 for tuition support.

Tobacco Master Settlement Agreement Fund Appropriations are presented in the following table.

Tobacco Master Settlement Agreement Fund Appropriations	FY 2008	FY 2009
Attorney General	$494,467	$494,467
Rural Economic Development Fund	3,603,480	3,603,480
Commission on Hispanic/Latino Affairs	145,000	145,000
Indiana Prescription Drug Program	7,900,000	7,900,000
Children's Health Insurance Program (CHIP)	31,363,603	33,863,603
Community Mental Health Centers	4,500,000	4,500,000
Division of Aging Administration	1,504,044	1,504,044
Division of Disability & Rehabilitation Administration	600,000	600,000
Residential Services Case Management	1,869,887	1,869,887
Residential Services for Developmentally Disabled Individuals	22,300,000	22,300,000
State Department of Health	8,800,000	0
Cancer Registry	648,739	648,739
Minority Health Initiative	3,000,000	3,000,000
Aid to County Tuberculosis Hospitals	99,879	99,879
AIDS Education	699,804	700,099
HIV/AIDS Services	2,162,254	2,162,254
Test for Drug Afflicted Babies	62,496	62,496
State Chronic Diseases	1,080,300	1,080,300
Women, Infants, & Children Supplement	176,700	176,700
Maternal & Child Health Supplement	176,700	176,700
Cancer Education & Dx - Breast Cancer	93,000	93,000
Cancer Education & Dx - Prostate Cancer	93,000	93,000
Minority Epidemiology	750,000	750,000
Community Health Centers	30,000,000	30,000,000

Tobacco Master Settlement Agreement Fund Appropriations	FY 2008	FY 2009
Prenatal Substance Use & Prevention	150,000	150,000
Local Health Maintenance Fund	3,860,000	3,860,000
Local Health Department Account	3,000,000	3,000,000
Tobacco Use Prevention & Cessation Program	15,000,000	15,000,000
Total Tobacco Settlement Funds Appropriated	**144,133,353**	**137,833,648**

Higher Education Provisions - The bill has the following provisions regarding higher education.

Use of Non-Reverting Funds [SECTIONS 49-50,52-53, 56-59, 61] - The bill provides that money in several student educational support funds that does not revert at the end of a fiscal year has to be used for student grants, scholarships, or loans as specified by the respective funds. The funds include the College Work Study Fund, Student Loan Program Fund, Nursing Scholarship Fund, Part-Time Student Grant Fund, Indiana Excellence in Teaching Endowment, Twenty-First Century Scholars Fund, Twenty-First Century Scholars Support Fund, National Guard Tuition Supplement Program Fund, and Career College Student Assurance Fund.

Secondary Market Fund [SECTION 51] - The bill provides that money in the Secondary Market Sale Fund that does not revert at the end of a fiscal year is available for school assessment testing and remediation, including reading recovery. The provision should have no fiscal impact.

School of Public Health [SECTIONS 54-55] - The bill reestablishes the Department of Public Health at Indiana University as the School of Public Health. The provision may increase the costs to Indiana University to create the School of Public Health when the change is made. The provision should not increase the long-term costs of the university. The provision would be funded within the existing appropriation.

Ivy Tech Costs [SECTION 60] - The bill changes the expenditures a local school would have to pay for a student earning a high school diploma at Ivy Tech Community College from tuition for the high school courses to the cost of the high school course. The bill would increase the cost to the school corporation depending on the number of students taking high school courses at Ivy Tech. The impact is unknown.

Double Up for College Program [SECTIONS 63-67] - The bill makes changes to the Double Up for College Program that allows a student to earn both high school credit and college credit for courses at Ivy Tech Community College. If Ivy Tech waived fees, then the school corporation would be responsible for the individual's tuition. The provision could increase local school costs.

University Construction [SECTIONS 175-183, 186] - The bill provides bonding authority and appropriations for new university construction projects. The following table lists the new university construction.

University Construction	Bonding	Appropriations
Vincennes University		
Center for Advanced Manufacturing and Applied Technology, Jasper	$8.00 M	
Center for Advanced Manufacturing and App. Tech., Gibson County		$5.00 M
Health and Science Lab Rehabilitation	$2.00 M	

University Construction	Bonding	Appropriations
Multicultural Center	* $5.00 M	
Indiana University		
Cancer Research Institute, School of Medicine South Bend		$10.00 M
Arts Building, South Bend	$27.00 M	
Cyber Infrastructure Building, Bloomington	$18.30 M	
Southeast Medical Education Center A & E	$1.00 M	
Athletics Facilities	* $45.00 M	
Indiana University, Purdue University at Indianapolis		
Neurosciences Research Building	$20.00 M	
Ivy Tech-Indiana Community College		
Technology Center and Demolition Costs, Fort Wayne	$26.70 M	
Fall Creek Expansion Project	$69.37 M	
Lampkin Center for Instructional Development and Leadership	$1.00 M	
Logansport	$16.00 M	
Sellersburg	$20.00 M	
Warsaw A & E	$1.00 M	
Muncie\Anderson A & E	$4.80 M	
Elkhart Phase I	$16.00 M	
Greencastle	$8.00 M	
Portage Campus Lease Payments (FY 2009)		$1.60 M
Indiana State University		
Life Sciences/Chemistry Laboratory Renovations	$14.80 M	
Ball State University		
Central Campus Academic Project	$33.00 M	
Purdue University		
Gyt Building A&E, Calumet	$2.40 M	
Student Services & Recreation Center A & E	$1.00 M	
Student Services and Library Complex, Fort Wayne	$24.00 M	
Mechanical Engineering Addition, West Lafayette	* $33.00 M	
Animal Disease Diagnostic Laboratory (BSL-3)	$30.00 M	
North Central Campus Parking Garage No.1	$8.00 M	
Boiler No. 6, West Lafayette	$53.00 M	
University of Southern Indiana		
College of Business, General Classroom Building	$29.90 M	
Totals	**$518.27 M**	**$16.60 M**
* Not Eligible for Fee Replacement		

The bonding authority eligible for fee replacement (state debt service payments) is $435.27 M. The annual fee replacement payments over 20 years at 6.25% interest would be about $38.72 M each year.

University Payment Delays [SECTION 182] - The bill appropriates $62,056,854 to repay universities the monthly payments that were due in June 2002 but were paid in July 2002 (universities in FY 2002 received 11/12 of the funds appropriated by the General Assembly). One half of the $62 M would be distributed in FY 2008 and half in FY 2009 for repair and rehabilitation of dormitories or other student housing at state educational institutions. The following table shows the distribution of the payment delay repayment for general repair and rehabilitation.

Payment Delays	FY 2008 - FY2009
Indiana University	$24,343,840
Purdue University	$17,189,072
Indiana State University	$4,304,740
University of Southern Indiana	$1,612,030
Ball State University	$6,678,810
Vincennes University	$1,804,222
Ivy Tech Community College	$6,124,142

Review of Tuition and Fees [SECTIONS 270-273, 303] - The bill requires the Higher Education Commission to set a nonbinding tuition target for each college or university. The bill provides that the board of trustees could set a tuition rate above the target only if the proposed tuition rate is reviewed by both the Higher Education Commission and the State Budget Committee. The bill could reduce the growth in tuition. The impact is unknown.

Prekindergarten Grant Pilot Program [SECTION 62] - The bill creates the Prekindergarten Grant Pilot Program. The curriculum must be consistent with the Foundation to the Indiana Academic Standard for Young Children for children at least 4 years old. The program is subject to available funds, and this bill does not contain an appropriation for the program.

<u>*K-12 Education Provisions*</u> - The bill has the following provisions regarding K-12 education.

Career and Technical Education [SECTIONS 72-171] - The bill changes the term vocational education to career and technical education.

Charter Schools [SECTION 222] - The bill would require the Legislative Council to contract with Indiana University's Center for Evaluation and Education Policy for a study of the effectiveness and efficiency of charter schools.

FinMars [SECTION 274] - The bill delays the implementation of the Plan to Upgrade the Financial Management, Analysis, and Reporting System until after June 30, 2009. The plan was estimated to cost about $3.5 M for the biennium.

School Formula [Sections 227-269] - The bill specifies the school formula for CY 2008 and CY 2009. The bill makes the following modifications from the 2007 school formula for 2008 and 2009:

1. The bill increases the foundation grant from $4,563 in CY 2007 to $4,790 in CY2008 and $4,825 in CY 2009.
2. The bill changes the complexity index calculation from a 5-factor calculation to a calculation that uses the percentage of students eligible for free or reduced lunch in the 2007 school year. The factor is increased from $1,260 to $2,250 for CY 2008 and $2,400 for CY 2009. The adjustment for a complex school (a school with a complexity index greater then 1.25) is such that a school gets the difference between the index and 1.25 instead of ½ of the difference. Charter schools have their own complexity index instead of the index of the school corporation where the school is located.
3. The bill changes the adjusted ADM calculation for growing schools so that 100% of the growth is included instead of 75% of the growth.
4. The bill continues the transition-to-foundation concept in the current school formula with two changes. A school transitioning up to the foundation level increases the funding per adjusted ADM by at least $100 from the prior year, and a school transitioning down is decreased by no more than $50 per adjusted ADM.
5. The guarantee that a school would receive at least 99% of the prior year revenue per ADM is eliminated.
6. If a school corporation has an ADM of less than 100, then regular program revenue equals their transition-to-foundation grant times their ADM.
7. The bill provides adjustment to the regular tuition support for special conditions.
    a. If a school has less than 3,600 students and their regular program tuition support is decreasing, then the school qualifies for an additional $100 in 2008 and $150 in 2009 per adjusted ADM.
    b. If a school regular program tuition support is decreasing by 3.5% or more, then the school qualifies for an additional $100 in 2008 and $150 in 2009 per adjusted ADM.
    c. If a school's regular program tuition support is decreasing and they are below their adjusted foundation amount, the school can receive up to $100 per adjusted ADM.
    d. If a noncharter school has an ADM less than 1,700 and a complexity index greater than 1.2, then the school will receive an additional $300 per ADM.
    e. If a noncharter school has an ADM less than 1,700 and a complexity index greater than 1.1 and less than 1.2, then the school will receive an additional $100 per ADM.
8. The bill increases the grants for special education. The severe grant increases from $8,246 to $8,300 for CY 2008 and $8,350 for CY 2009. The moderate grant increases from $2,238 to $2,250 for CY 2008 and $2,265 for CY 2009. The communications handicapped and homebound grants increase from $531 to $533 for CY 2009.
9. The bill increases the primetime classroom funding guarantee from $69,811 to $72,000 for CY 2008 and $74,500 for CY 2009.

The following shows the school formula estimates for CY 2007 through 2009.

School Formula					
	CY 2007	**CY 2008**	**% Inc.**	**CY 2009**	**% Inc.**
State Regular	$3,152,591,094	$3,280,276,861	4.1	$3,417,140,136	4.2
Gross Max Levy	$2,044,144,921	$2,124.048,814	3.9	$2,205,446,070	3.8
Prior Year Auto & FIT	$197,097,719	$189,306,285	(2.5)	$183,971,733	(2.8)
Total Regular	$5,390,833,734	$5,593,631960	3.8	$5,806,557,939	3.8
Special Education	$444,961,818	$458,947,419	3.1	$473,923,155	3.3
Vocational Education	$81,814,250	$85,362,649	4.3	$88,878,967	4.1
Prime Time	$117,178,219	$119,842,601	2.3	$122,523,884	2.2
Honors	$15,924,600	$16,451,100	3.3	$17,047,800	3.6
Total	$6,050,712,621	$6,274,235,730	3.7	$6,508,931,746	3.7

The maximum distribution of state funds for tuition support is $3,812.5 M for CY 2007, $3,960.9 M for CY 2008, and $4,119.6 M for CY 2009. The amount necessary to the fund the calendar year maximums is $3,886.7 M for FY 2008 and $4,040.25 M for FY 2009.

Virtual Charter Schools - The bill defines a virtual charter school as an entity that provides for the delivery of more than 50% of instruction to students through virtual distance learning, online technologies, or computer-based instructions. The bill states that virtual charter schools are not entitled to any state funding nor any distribution of property taxes during the FY 2008 - FY2009 biennium.

Charter Schools in Marion County [SECTION 245] - The bill also changes the calculation of the school formula revenue for Marion County charter schools for the first year of operation. A charter school in the first year of operation receives the regular program funding per ADM of the school corporation where the charter school is located. The bill changes the first-year school formula regular program revenue as a weighted average of the regular program revenue per ADM of the school corporation where the student resides. The regular program school formula revenue per ADM for IPS of $6,862 per ADM is the largest in Marion County. The impact would depend on where the students attending reside and not where the charter school resides.

Line-Item Increases [SECTION 9] - The bill increases the appropriations for some education line items.

	FY 2007 Approp.	FY 2008 Approp.	FY 2009 Approp.
Limited English Proficient	$0.7 M	$6.9 M	$7.0 M
Charter School Study (Biennium)		$0.1 M	
Additional Tuition Support Distribution		$2.0 M	$2.0 M
Testing and Remediation	$31.4 M	$41.0 M	$41.0 M
School Business Officials Academy		$0.15 M	$0.15M
Gifted and Talented Education	$5.8 M	$13.0 M	$13.0 M
Textbook Reimbursement	$19.9	$39.0M	$39.0 M
Full-Day Kindergarten	$8.5 M	$33.5 M	$58.5 M

Charter Schools [SECTION 226-227] - The bill allows charter schools to participate in a private pension or retirement benefit program. The provision could increase or decrease charter school pension expenditures depending on the cost of the private pension plan compared to the state pension plans.

The bill prohibits a school corporation from making a covenant that unneeded real property may not be sold to another educational institution. The provision should have no fiscal impact.

Capital Projects Fund (CPF) Expenditures [SECTION 230-231] - The bill continues the use of the capital projects fund to pay for utility service and property or casualty insurance. Currently, the maximum payment from a CPF for CY 2007 is 3.5% of the school corporation's 2005 school formula revenue. The bill could continue to allow the use of the CPF to pay for utility service and property or casualty insurance at the CY 2007 level of about $198.1 M.

School Bus Leases [SECTION 264] - If a school corporation enters into a lease with the Indiana Bond Bank for school buses that results in a reduction in the school bus replacement levy, the school would be able to retain the amount of the reduction and keep it in the school bus replacement fund or transfer the amount to the school CPF or transportation fund. The bill could increase school levies, but the increase is probably minor.

<u>*PTRC/Homestead Credit Provisions*</u> - The bill has the following provisions regarding property tax replacement credits (PTRC) and homestead credits (HSC).

Calendar Year Credits [SECTIONS 10, 296-298] - Currently, the state pays PTRC in the amount of 60% of school general fund levies attributable to all property and 20% of the portion of all operating levies (including the remaining 40% of the school GF levy) that are attributable to real property and nonbusiness personal property. Homestead credits are paid by the state in the amount of 20% of the net property tax due for qualifying funds on owner-occupied residences.

Current law also contains a *minimum* calendar year distribution equal to (1) the amount spent in CY 2002 for PTRC and homestead credits ($1,121.7 M) plus (2) the amount of revenue expected to be raised by 1%

of the current 6% sales tax rate. The *minimum* distribution is estimated at $2,084 M in CY 2008 and $2,129 M in CY 2009. Current law requires that all PTRC and HSC rates be reduced proportionally if the full cost would exceed the appropriation.

Under the bill, the state would make an additional distribution of PTRC/HSC in December of a year if the Budget Agency determines that the total distributions for the calendar year are less than the amount available under the appropriation. This additional distribution would be deposited into the taxing units' levy excess funds and would be used to reduce the following year's property tax levies.

This bill also eliminates the minimum guarantee. The appropriation and related language in the bill allows for funding $2,028.5 M each year in CY 2008 and CY 2009. Under this provision, only PTRC rates would be reduced in CY 2008 and CY 2009 to keep distributions within the appropriation. HSC would not be reduced in those years. Beginning in CY 2010, all PTRC and HSC rates would be reduced as necessary.

Payment Delay Reversal [SECTION 225] - The fiscal year appropriations for PTRC and HSC in this bill exceed the calendar year cost because the current payment delays will be reversed over the biennium. Currently, 39.6% of CY 2007 expenses are paid in FY 2007 and 60.4% are paid in FY 2008. This means that 10.4% of each calendar year's total distribution is delayed from one fiscal year to the next.

Under this provision, one-half of the delay (5.2% of the distribution) would be reversed in FY 2008 with 44.8% of CY 2008 expenses paid in FY 2008 and 55.2% paid in FY 2009. The remaining delay would be reversed in FY 2009 with 50% of the total distribution in each calendar year divided evenly among the two fiscal years.

So, in FY 2008, the state will pay 60.4% of CY 2007 expenses plus 44.8% of CY 2008 expenses. In FY 2009, the state will pay 55.2% of CY 2008 expenses plus 50% of CY 2009 expenses. Beginning with FY 2010, the payments for each fiscal year will include 50% of the expense for each of the two calendar years spanned by the fiscal year.

Timing of Payments [SECTION 10] - PTRC and HSC payments are made in several payments throughout the calendar year according to a statutory schedule that specifies the percentage of the calendar year credits to be paid in a specific month. This provision permits the Property Tax Replacement Fund Board to adjust the percentage of the May payment and the immediately following payment in order to distribute the appropriation. The percentage adjustments must cancel each other out so that the total percentage paid in a calendar year would remain 100%.

Additional Homestead Credits [SECTIONS 10, 300-301] - This bill includes a $300 M appropriation from the Property Tax Reduction Trust Fund for additional homestead credits in CY 2007. The bill also includes appropriations of $112 M in FY 2008 and $138 M in FY 2009 to be used for a total of $250 M in CY 2008 additional homestead credits. Unused appropriations for the CY 2007 credit, if any, would be returned to the trust fund and used for additional CY 2008 credits.

The CY 2007 additional credits will be paid through a refund check sent to the property owner (or their mortgage company, if that company pays property taxes through an escrow account) by the county. The CY 2008 credit will be applied directly to 2008 tax bills.

Spinal Cord and Brain Injury Fund and Board [SECTIONS 44-48, 70] - This bill establishes the nonreverting, dedicated Spinal Cord and Brain Injury Fund to fund: (1) research; (2) the activities of the Spinal Cord and Brain Injury Research Board; and (3) to establish and maintain a state medical surveillance registry for traumatic spinal cord and brain injuries. Administered by the Indiana State Department of Health (ISDH), the fund is continually appropriated and consists of appropriations, gifts and bequests, fees deposited in the fund (see *Motorcycle Registration Fees*), and grants received from the federal government or private sources.

The bill also creates the nine-member Spinal Cord and Brain Injury Research Board for the purpose of administering the fund. Members of the Board are entitled to receive a minimum salary per diem and reimbursement for travel expenses. The ISDH is required to provide staff for the Board. The Board's duties include formulating policies and procedures to consider and reviewing, authorizing, and making grants for spinal cord and brain injury research projects and programs. The Board is also to advise the ISDH on the creation of the surveillance registry. The Board is required to annually provide to the Governor, the General Assembly, and the Legislative Council a report not later than January 30 of each year showing the status of funds appropriated to the fund.

Modernization of the Department of Workforce Development [SECTION 68] - The bill extends the time the Department of Workforce Development can use funds made available under Section 903 of the Social Security Act for modernization of the unemployment insurance system. Current law would not allow the usage after July 1, 2008. The bill would allow the department to use the $39.2 M allotment until July 1, 2012. The provision could reduce the state expenditures for modernization.

Court Provisions [SECTIONS 71, 211-218] - This bill requires the state to reimburse the county costs of trials for criminal cases remanded by the Court of Appeals or Supreme Court. The maximum amount that may be reimbursed for any particular case is $50,000, and the maximum amount per year is $1 M. On average, the number of cases that are remanded for a new criminal trial averages about 11 per year.

The bill also provides for new courts and magistrates. The estimated costs and effective dates for new trial courts in Floyd and Jackson Counties and new magistrates in Franklin and Hamilton Counties are shown in the following table.

Proposed New Courts and Magistrates					
Court	**Personnel**	**Effective Date**	**FY 2008**	**FY 2009**	**FY 2010**
Clark	Magistrate	July 1, 2007	$120,893	$126,087	$128,990
Floyd	Judge	Jan 1, 2009		$78,068	$159,789
Franklin	Magistrate	July 1, 2007	$120,893	$126,087	$128,990
Hamilton	Magistrate	July 1, 2007	$120,893	$126,087	$128,990
Jackson	Judge	Jan. 1, 2008	$76,376	$156,136	$159,789
Totals			**$439,055**	**$612,465**	**$706,548**

Elimination of Funds Transfer into the Rainy Day Fund [SECTION 172]: The bill eliminates the authority of the State Budget Agency to transfer $100 M from the state General Fund into the Counter-Cyclical Revenue and Economic Stabilization Fund during FY 2007 or from any other fund before July 1, 2009.

Commission on Disproportionality in Youth Services [SECTION 173] - The bill establishes the Commission on Disproportionality to develop and provide a plan to evaluate and address disproportionate representation of youth of color in the use of youth services. The bill also makes an appropriation of $125,000 during FY 2008 to the Commission.

Educational Outreach Center [SECTION 174] - The bill makes the following appropriations to the Department of Agriculture for the biennium: (1) $2 M for acquisition of land and improvements for an education outreach and development center; (2) $300,000 for operating costs for education outreach associated with the center; and (3) $300,000 for operating costs for development in conservation, bioenergy, and natural resources through the center.

Small Business Export Assistance [SECTION 184] - The bill appropriates $1.0 M from the state General Fund to the Indiana Economic Development Corporation (IEDC) between July 1, 2007, and June 30, 2009. The purpose of the appropriation is to provide technical and financial assistance to small businesses that engage in global commerce. The bill defines a "small business" as any person, firm, corporation, limited liability company, partnership, or association that: (1) is actively engaged in business in Indiana and maintains its principal place of business in Indiana; (2) is independently owned and operated; (3) employs 100 or fewer full-time employees; and (4) has gross annual receipts of $5.0 M or less.

Small Business Development Centers [SECTION 185] - The bill appropriates $1.0 M from the state General Fund to the IEDC for operation of the Indiana Small Business Development Center (SBDC) network. The SBDC provides training, counseling, and technical assistance to small businesses meeting criteria of the U.S. Small Business Administration. The bill prohibits the IEDC from using any of the appropriation for administrative costs.

State Parking Garages [SECTION 187]: The bill authorizes the Indiana Finance Authority to do a feasibility plan and cost estimate for additional parking garage facilities for the state capitol complex and the White River State Park. The plan and cost estimates would be done within existing appropriations and would be presented to the State Budget Committee.

Sentencing Policy Study Committee [SECTION 206] - The bill reestablishes the Sentencing Policy Study Committee until December 31, 2008. The Committee will operate under the policies of the Legislative Council regarding study committees. The Indiana Criminal Justice Institute will provide staff support for the Committee, and the Committee will report its findings to the Legislative Council before November 8, 2008. The Committee will have 20 members, including 8 legislative members and 12 lay members. The funds necessary to carry out the bill are paid from state General Fund appropriations to the Legislative Council and Legislative Services Agency. Legislative Council resolutions in the past have established budgets of $16,500 per interim for committees with 16 members or more. The Sentencing Policy Study Committee met four times each during the 2005 and 2006 interim. The Committee expenditures were $8,257 and $7,039, respectively. Previously, the Committee was composed of 15 members.

Deferred Compensation [Section 207]: The bill makes the deferred compensation program for state employees an "opt-out" plan rather than an "opt-in" plan. Assuming under current law that about half of new employees would choose to participate in the deferred compensation program, but 100% would under the bill, the impact would be between $380,000 and $850,000 for FY 2008 and from $760,000 to $1,700,000 for FY 2009, depending on the number of new state employees per year. This impact would be cumulative each year for several years as new employees are hired. The Auditor of Sate could incur some additional expense in providing notice to state employees, but since the information would be included in the first paycheck the cost is probably minor. The maximum amount the state contributes to the State Deferred Compensation Plan per employee is $15 per pay period, or $390 per year. For FY 2006, the state paid $7.27 M in deferred compensation benefits. The contribution would equate to about 18,650 employees (about 51% of all state employees) electing to participate in the deferred compensation program. The number of new state employees hired has averaged approximately 2,700 per year between 2003 and 2006.

Medicaid Notice and Coordination of Benefits Study [SECTIONS 209-210] - Before January 1, 2008, the bill requires the OMPP to examine six and one-half years of Medicaid claims to determine the percentage of claims that were eligible for payment by third parties other than Medicaid. If the study determines that at least 1% of the claims were payable by a third party, OMPP is required to implement a procedure to improve the coordination of benefits. The procedure, if developed, is required to be automated and must be capable of determining whether a claim is eligible for payment by another party before Medicaid payment is made. The cost of this provision is not determinable at this time.

Major Moves Construction Program [SECTION 223] - The Department of Transportation (INDOT) will incur minimal administrative expense to provide quarterly reports to the Legislative Council concerning expenditures and encumbrances for the Major Moves Construction Program Formal Contract Expense. The report will compare the project expenditures to a list of projects provided on April 29, 2007. INDOT will also incur costs to present information on project completion to the Legislative Council or its designated interim committee, as requested. These costs are expected to be contained within appropriations to INDOT.

The bill also provides for augmentation of funds from the Major Moves Construction Fund of up to $50.0 M for each year of the biennium after the reports above are provided. The Major Moves Construction Fund has a balance of $2.8 B on April 27, 2007. Appropriations from the fund under the bill are $421.0 M in FY 2008 and $611.0 M in FY 2009.

State Agency Contracts [SECTION 224] - This bill provides that before a state agency may enter into certain contracts or agreements: (1) the state agency must conduct a public hearing; and (2) the Budget Committee must make a recommendation to the Budget Agency. The bill specifies that these requirements apply only to a contract or agreement that is first entered into by a state agency and a private contractor or vendor after June 30, 2007, and under which: (1) the initial term of the contract or agreement plus the term of any possible renewal or extension periods is at least four years; (2) the amount to be paid by the state agency during the initial term and possible renewal or extension periods is, or is estimated to be, at least $10 M; and (3) the private contractor or vendor will provide services that before the effective date of the contract or agreement are provided directly by employees of the state agency. The bill also provides that if services are being provided by a contractor or vendor under such a contract, a state agency may have employees of the state agency directly provide the services only if the state agency conducts a public hearing and the Budget Committee makes a recommendation to the Budget Agency.

Postwar Construction Fund Uses [SECTION 274] - The bill allows money deposited in the Postwar Construction Fund to be used for public safety construction. Currently, the fund may only be used for construction of penal, benevolent, charitable, and educational institutions of the state. The fund receives approximately $17 M per year in alcoholic beverage excise tax revenue as follows: (1) $0.0475 from the beer excise tax; (2) $1.17 from the liquor excise tax; and (3) $0.16 from the wine excise tax.

Pension Relief Fund Extension [SECTION 277] - The bill extends until January 1, 2011, additional distributions from the Pension Relief Fund. This will result in additional Pension Relief Fund distributions of approximately $9.4 M in CY 2009 (from $113.0 M to $122.4 M) and $11.2 M in CY 2010 (from $113.9

M to $125.1 M).

State Employee Provisions [SECTION 304-307] - The bill provides that the salary matrix for the motor carrier inspectors must include the job classifications of motor carrier district coordinator, motor carrier zone coordinator, and motor carrier administrator. This provision will increase expenditures by less than $10,000.

The bill also provides that the Natural Resources Commission and the Alcohol and Tobacco Commission must categorize salaries of enforcement officers and the State Police Board must categorize salaries of police employees within each rank based upon the rank held and the number of years of service through the 20th year. The existing matrices are 10-year matrices. The impact of these provisions, if any, will depend on administrative adjustments made to the matrices.

Explanation of State Revenues: *Public Mass Transportation Fund (PMTF) Sales Tax Distribution [SECTION 40]* - This bill will shift $7.05 M in FY 2008 and $7.38 M in FY 2009 in Sales and Use Tax collections from the state General Fund to the PMTF. The bill increases the distribution of the PMTF from 0.635% to 0.76%, and decreases the distribution to the state General Fund from 49.192% to 49.067%.

Update of References to the Internal Revenue Code [SECTION 41] - The bill updates the reference to the Internal Revenue Code (IRC) to incorporate all the federal changes made up to January 1, 2007. The current reference to the IRC pertains to all IRC provisions amended and in effect on January 1, 2006. The update would include changes affecting tax years 2006 and after as a result of the federal acts listed in the table below, which also highlights the estimated revenue impact of these federal acts.

Provisions (Revenue Impact in $M)	FY 2007	FY 2008	FY 2009
Tax Increase Prevention and Reconciliation Act of 2005 (P. L. 109-222)	**(2.2)**	**(5.8)**	**(5.9)**
Pension Protection Act of 2006 (P. L. 109-280)	**(0.5)**	**(1.1)**	**(1.2)**
Tax Relief and Health Care Act of 2006 (P. L. 109-432)			
Deduction for higher education tuition and expenses.	(5.6)	(7.6)	0.0
Expensing environmental remediation costs.	(2.2)	(1.2)	(0.5)
Depreciation of leasehold and restaurant improvements.	(1.5)	(2.6)	(2.3)
Deduction for teacher classroom expenses.	(0.8)	(0.8)	(0.2)
Other provisions.	(0.1)	(0.7)	(0.9)
Subtotal	**(10.2)**	**(12.9)**	**(3.9)**
Total Impact on State Revenue	**(12.9)**	**(19.8)**	**(11.0)**

NFL Tax Exemption [SECTION 42] - The bill exempts from all state and local taxes (1) property owned by the NFL and its affiliates, (2) revenue of the NFL and its affiliates, and (3) expenditures and transactions of the NFL and its affiliates in connection with a Super Bowl, and resulting from holding a Super Bowl in Indiana or making preparatory advance visits to Indiana in connection with the Super Bowl. The amount of state taxes from the NFL and its affiliates that could potentially be foregone due to this provision is indeterminable. However, this could be offset by a potentially significant increase in other tax revenue generated from this event.

Motorcycle Registration Fees [SECTION 43] - The bill increases the fee for the registration of a motorcycle by $10; from $17 to $27. The $10 increased fee is to be allocated to the Spinal Cord and Brain Injury Fund. The Bureau of Motor Vehicles reports that during CY 2005 there were 160,120 motorcycles registered in Indiana. Assuming these numbers remain constant, the fund would receive $1.6 M from motorcycle registration fees.

Automated Record Keeping Fee Extension to 2011 [Section 69] – The Automated Record Keeping Fee applies to all civil, criminal, infraction, and ordinance violation actions. Under current law, this fee will be reduced from $7 to $4 reducing the fee revenue by $2.89 M. Consequently, delaying this fee reduction until 2011 will ensure that the State User Fee Fund continues to receive approximately $2.89 M annually for FY 2010 and FY 2011. The following shows the legislative history of this fee. This fee is the primary funding source for the Judicial Technology Automation Committee and its efforts to improve the efficiency of the judiciary through technology.

Department of Insurance (DOI) Fees [SECTIONS 188–199] - Summary: This bill deposits various insurance filing fees into the DOI Fund rather than the state General Fund. It increases the internal audit fee for domestic and foreign insurers and health maintenance organizations to $1,000. It increases the internal audit fee of other entities from $100 to $250. It provides that, except in certain circumstances, each policy, rider, rule, rate, or endorsement filed with the state constitutes an individual filing for purposes of the $35 product filing fee. It imposes a $1,000 cap per filing per insurer for product filing fees. The bill also provides that insurance producer license renewal fees are due every two years rather than every four years.

Increased fees for Internal Audit and Product Filing Fee: New revenue for the DOI fund will consist of increased fees for internal audits, which should total a little over $1 M, and new revenue generated by the product filing fee, which should total an estimated $1.8 M. Starting in FY 2010, the product filing fee will drop back to $35 per filing, which will generate about $630,000. The total increase in revenue to the DOI Fund from these increased fees is equal to $2.8 M for each of FY 2008 and FY 2009. In FY 2010 and thereafter revenue will return to current levels.

Two-Year License Renewal: The bill provides that insurance producer and limited lines producer license renewal fees are due every two years rather than every four years. The bill provides that the fees are deposited in the DOI Fund. Currently, renewal fees are deposited into the state General Fund. Revenue generated from new agent fees, which equals about $1.7 M per year, would continue to be deposited in the state General Fund.

For FY 2008, the renewal license fees will generate an estimated $1.18 M. This fee which is currently deposited in the state General Fund would be deposited in the DOI Fund under the bill. State General Fund revenue would be reduced by $1.18 M.

For FY 2009, the renewal fees will generate an estimated $1.9 M. This fee which is currently deposited in the state General Fund would be deposited in the DOI Fund under the bill. State General Fund revenue would be reduced by $1.9 M.

For FY 2010, the renewal license fees will generate an estimated $4.3 M to be deposited into the DOI Fund, of which, $3.1 M would have otherwise been deposited in the state General Fund and $1.2 M would be attributable to the change from a 4-year renewal requirement to a 2-year renewal.

For FY 2011, the renewal license fees will generate an estimated $4.2 M to be deposited into the DOI Fund, of which, $2.3 M would have otherwise been deposited in the state General Fund and $1.9 M would be attributable to the change from a 4-year renewal requirement to a 2-year renewal.

Transfer of Fee Revenue from the State General Fund to the DOI Fund - Filing Fees: The bill deposits fees for certificates, articles of incorporation, utilization reviews, medical claims, company admissions and other filing fees into the DOI Insurance Fund rather than the state General Fund. For FY 2006, $737,554 was deposited into the state General Fund from these fees. For FY2008, FY2009, and FY2010, these fees will generate an estimated $739,500 per year. Revenue to the state General Fund will be reduced by $739,500 per year.

Increased Fee for Internal Audit and Product Filing Fee: The bill increases the internal audit fee for domestic and foreign insurers and HMOs from $350 to $1,000. It increases the internal audit fee of other entities from $100 to $250. Currently, the fees generate about $700,000 per year. The total new revenue is estimated at a little over $1 M. This new revenue would be deposited in the DOI Insurance Fund. Under existing law, this fee is deposited into the Insurance Fund. This provision will not affect the state General Fund.

The bill also provides that each policy, rider, or endorsement filed with the state constitutes an individual filing for purposes of the $35 product filing fee. It imposes a $1,000 cap per filing per insurer for product filing fees. The bill provides for the deposit of fees into the DOI Insurance Fund. Total new revenue from the Product Filing Fee would equal $1,888,732. This new revenue would be deposited in the DOI Insurance Fund. Under existing law, this fee is deposited into the DOI Insurance Fund. This provision will not effect the state General Fund.

Other Tobacco Products Tax (OTP) Increase [SECTIONS 200 - 203] - This bill increases the tax on OTPs from 18% to 24%. The bill also requires 25% of the revenue from the OTP tax to be deposited in the state Affordable Housing and Community Development Fund (AHCDF). The increase in revenue from the tax increase will be approximately $6.0 M annually beginning in FY 2008. The new revenue that will be distributed to the AHCDF will also be about $6.0 M annually beginning in FY 2008.

United Airlines Clawback Funds/Affordable Housing and Community Development Fund [SECTION 275] - Current law requires funds from payments made by entities due to a failure to achieve prescribed levels of investment, employment, or wages at the facilities listed in an agreement with the state for financing of an airport to be deposited in the state General Fund. This bill would require, upon passage, that such payments made under the IMC 757/ 767 Project Agreement by United Airlines must be deposited in the state Affordable Housing and Community Development Fund. The fiscal impact of this provision is indeterminable, and will ultimately depend upon the amount of payments made under this requirement and agreement by United Airlines.

Sales Tax Deduction for Bad Debt [SECTION 276] - The bill specifies that IC 6-2.5-6-9, as amended by two different acts in 2006, shall be effective, retroactive from January 1, 2007, as amended by HEA 1327-2006 rather than HEA 1001-2006. The difference between the two amended sections would allow a corporation with a relationship as set forth in IRC section 267(b)(11) to assign a Sales Tax bad debt deduction. The listed relationship is "an S corporation and another S corporation if the same persons own more than 50% in value of the outstanding stock of each corporation." This provision could decrease Sales Tax collections to the extent that a deduction that would not have been claimed under current law, is able to be assigned and claimed under this code section going forward.

Orange County Provisions [SECTIONS 278-292] - The bill reduces the percentage distribution of Riverboat Admission Tax and Riverboat Wagering Tax from the French Lick Casino to the West Baden Springs Historic Hotel Preservation and Maintenance Fund beginning in FY 2008. This change would delay the time at which the balance in the Fund would otherwise reach $20 M, which would delay the time at which the Wagering Tax distribution to the Fund would be diverted to the Property Tax Replacement Fund (PTRF). Based on the current balance in the Fund and the revenue distributions to the Fund from November 2006 to April 2007, the Fund balance could potentially reach $20 M in FY 2010 under current statute. The bill could potentially delay the diversion of revenue from the Fund to the PTRF until FY 2011 or after.

Under current statute, 37.5% of the Wagering Tax and 25% of the Admission Tax collected from the French Lick Casino is distributed to the West Baden Springs Historic Hotel Preservation and Maintenance Fund. The bill lowers the distribution percentages for the Fund to 19% of the Wagering Tax and 13% of the Admission Tax beginning in FY 2008. (Note: The Fund also received the $1 M initial fee paid by the operating agent of the casino.) Current statute provides that once the balance in the Fund has reached $20 M, Wagering Tax revenue is no longer distributed to the Fund but is distributed to the PTRF. As of April 29, 2007, the balance in the Fund totaled about $4.2 M, and tax revenue distributions to the Fund from November 2006 to April 2007 totaled about $3.2 M.

DNR Property Sales, Leases, and Transfers [Section 295] - The DNR may experience a decrease in revenue because the DNR will not be able to sell, lease, exchange, or transfer property or an interest in property for the purpose of allowing the selling of water out of Indiana from Charlestown Water Wells without the prior approval of River Ridge Development Authority.

East Chicago Riverboat Development Agreement Payments [SECTION 302] - The bill allows the East Chicago City Council to adopt an ordinance voiding any term of the development agreement between the city and the owner of the East Chicago riverboat casino in the event that a controlling interest in the riverboat license is transferred. The bill provides that the ordinance may redirect payments made by the license owner under the development agreement to the city. Currently, the East Chicago riverboat license is owned by Resorts International. On April 3, 2007, Ameristar Casinos, Inc. entered into a definitive agreement to acquire Resorts East Chicago, subject to the satisfactory completion of due diligence and customary closing conditions. The due diligence period ended on April 22, 2007. The sale is expected to close in the fourth quarter of 2007.

Under the current development agreement, the East Chicago licensee is required to make the following ongoing annual payments computed as a percentage of the annual adjusted gross gaming receipts (AGR) generated at the East Chicago riverboat: (1) 1% of AGR paid to East Chicago; (2) 1% of AGR paid to the East Chicago Community Foundation; (3) 1% of AGR paid to the Twin City Education Foundation; and (4) 0.75% of AGR paid to the East Chicago Second Century Foundation. AGR generated in FY 2006 by the East Chicago riverboat totaled $301.8 M, thus, 1% of AGR totals about $3.0 M annually. Based on the FY 2006 results, East Chicago could potentially receive about $8.3 M in additional revenue from the local agreement if the payments to the foundations named in (2) to (4) above are redirected to the city.

Explanation of Local Expenditures: *Investment Deductions for Real and Personal Property [SECTIONS 38-39]* - Under current law, the increase in assessed value from certain real and personal property additions may qualify for property tax deductions over a period of three years. The deduction may apply if the property owner creates or retains jobs because of the project.

The deduction applies to qualifying real and personal property that is first assessed on March 1, 2006, 2007, 2008, or 2009. It equals 75% of the AV increase in the first assessment year, 50% in the second year, and 25% in the third year. Each property owner is limited to $2M AV in real property deductions plus $2M AV in personal property deductions within each county.

This bill limits qualifying property to property that is first assessed on March 1, 2006, or 2007. It eliminates the deduction for property first assessed in 2008 or 2009.

Orange County Provisions [SECTIONS 278-292] - The bill abolishes the Historic Hotel Preservation Commission in Orange County effective July 1, 2007, and instead establishes a six-member Orange County Development Commission. The bill also establishes a five-member Orange County Development Advisory Board to advise the Orange County Development Commission. The members of each Commission are <u>not</u> entitled to salary per diem, but are entitled to reimbursement for travel expenses in connection with their duties as Commission members.

The bill transfers any balance remaining in the Community Trust Fund (currently administered by the Preservation Commission) and all records and property of the Preservation Commission to the Orange County Development Commission. The bill provides that an unfulfilled financial commitment made by the Preservation Commission is void on July 1, 2007, except that the Orange County Development Commission must assume the Preservation Commission's commitments to the French Lick Municipal Airport. The bill also authorizes the Orange County Development Commission to award grants and low-interest loans to promote the development of Orange County.

<u>Explanation of Local Revenues:</u> *Update of References to the Internal Revenue Code* [SECTION 41] - The IRC update could potentially affect taxable income of individual taxpayers. The impact on counties imposing local option income taxes (CAGIT, COIT, and/or CEDIT) is indeterminable and would vary across counties.

NFL Tax Exemption [SECTION 42] - The bill exempts the NFL and its affiliates from all local taxes in connection with or resulting from a Super Bowl held in Indiana. The bill also provides that the Marion County Admission Tax (equal to 6% of the price of admission to events at certain venues, including Lucas Oil Stadium once it is open) does not apply to a Super Bowl. The amount of local taxes from the NFL and its affiliates and the amount of admission tax that could potentially be foregone due to these provisions is indeterminable. However, this could be offset by a potentially significant increase in other tax revenue generated from this event.

Exemption of Poll Workers From Social Security Withholdings [SECTION 208] - This provision of the bill would save county auditors' staff time and expenditure to process paperwork for election worker compensation exceeding the current state agreement threshold for election workers.

Orange County Provisions [SECTIONS 278-292] - The bill changes the distribution of Wagering Tax revenue and Admission Tax revenue collected from the French Lick Casino beginning July 1, 2007. The table below compares the distributions for revenue from both taxes under current statute and as proposed in the bill. The bill also specifies the following uses for some of the distributions highlighted in the table.

(1) The bill requires at least 20% of the Admission Tax revenue distributed to Orleans and Paoli under the bill and at least 40% of the Wagering Tax revenue distributed to Orleans and Paoli under the bill to be distributed to the school corporations containing each town.

(2) The bill requires the Orange County Development Commission established by the bill to distribute 33% of its Admission Tax distribution to the Orange County Convention and Visitor's Bureau.

(3) The bill requires French Lick and West Baden Springs to distribute at least 20% of their Admission Tax distributions and 25% of their Wagering Tax distributions to the school corporations in which they are located. It also requires French Lick and West Baden Springs to distribute 12.5% of their Wagering Tax distributions to the Orange County Convention and Visitor's Bureau.

Recipient	Wagering Tax Distribution		Admission Tax Distribution	
	Current Statute	Proposed	Current Statute	Proposed
Orange County	6%	5%	15%	12%
DuBois County	2%	2%	5%	5%
Crawford County	2%	2%	5%	5%
Orleans	0%	5%	0%	5%
Paoli	0%	5%	0%	5%
French Lick	5%	8%	8%	10%
West Baden Springs	5%	8%	8%	10%
Historic Hotel Preservation Commission	5%	Repealed by the bill	9%	Repealed by the bill
Orange County Development Commission	Created by the bill	8%	Created by the bill	10%
West Baden Historic Hotel Preservation and Maintenance Fund	37.5%	19%	25%	13%
Orange County Convention and Visitor's Bureau	0%	0.5%	0%	0%
Indiana Economic Development Corp.	0%	0%	25%	25%
Property Tax Replacement Fund	37.5%	37.5%	0%	0%

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Jim Atterholt, Commissioner, DOI, 317-232-3520; Barb Lohman, Controller, DOI, 317-232-2405; Information Sources: U.S. Congress, Joint Committee on Taxation, http://www.house.gov/jct/tableofcnts.html. State Auditor's Data, Revenue Trial Balance, April 27, 2007.

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